

**PERMIAN EXPRESS PARTNERS LLC**  
**LOCAL PIPELINE TARIFF**  
**CONTAINING**  
**RULES AND REGULATIONS**  
**GOVERNING**  
**THE TRANSPORTATION OF CRUDE PETROLEUM**  
**BY PIPELINE**

From:  
**POINTS IN TEXAS**

To:  
**POINTS IN LOUISIANA**

The tariff rate changes are filed in compliance with [W] 18 C.F.R. §342.2(b) (Initial rates) ~~18 CFR §342.3 (Indexing)~~.

**[N] Request for Special Permission**

This tariff is issued on less than one (1) days' notice under the authority of 18 CFR §341.14 (Special Permission). This tariff is conditionally accepted subject to refund pending a 30-day review period.

The provisions published herein will, if effective, not result in an effect on the quality of the human environment.

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**LONGVIEW TO LOUISIANA – “LOLA SYSTEM”**

**RULES AND REGULATIONS**

**Rule 5 Definitions**

“Carrier” means Permian Express Partners LLC.

"Barrel" means a barrel of forty-two (42) gallons, United States measurement at 60 degrees Fahrenheit and zero pounds per square inch gauge pressure.

"Business day" means any day of the week other than Sunday, Saturday, or a statutory or civic holiday observed in Houston, Texas.

"Crude Petroleum", as used herein, means either the direct liquid products of oil wells, or a mixture of the direct liquid products of oil wells with the indirect liquid products of oil or gas wells.

"Direct Products" means the direct liquid products of oil wells, and or mined bitumen.

"Indirect Liquid Products" means the liquid products resulting from the refining of crude petroleum, operation of gasoline recovery plants, gas recycling plants, and condensate, synthetic oil or distillate recovery equipment in gas or oil fields.

"Nominations" means an offer by a shipper to the Carrier of a stated quantity of crude petroleum for transportation from a specified origin or origins to a specified destination or destinations in accordance with these rules and regulations.

"Shipper" means the party who contracts with Carrier for transportation of Crude Petroleum, as defined herein and under the terms of these rules.

“Consignee” means the party to whom a Shipper has ordered delivery of Crude Petroleum.

“Affiliate” means any entity that is under direct or indirect common control, or directly or indirectly:

- 1) controls a Shipper;
- 2) is controlled by another Shipper; or
- 3) is controlled by the same entity that controls a Shipper;

for purposes of this definition the terms “controls” and “controlled by” shall mean the use of shared mailing or business addresses, the use of shared business telephone numbers, the use of common bank account(s) or conducting business on behalf of another Shipper, the power to direct or cause the direction of the management and policies of another entity whether through the ownership of shares, a contract, trust arrangement or any other means, either directly or indirectly, that results in control in fact, but notwithstanding the foregoing includes, with respect to the control of or by a corporation or partnership, the ownership of shares or equity interests carrying not less than 50% of the voting rights regardless of whether such ownership occurs directly or indirectly

**Rule 10 Commodity**

The Carrier is engaged in the transportation of crude petroleum exclusively under this tariff, and therefore will not accept any other commodity for transportation hereunder.

**Rule 15 Specifications**

- a. Carrier is unable to receive and shall not be obligated to accept Crude Petroleum that, as determined by the Carrier, has on receipt: (i) a temperature greater than 100 degrees Fahrenheit; (ii) a Reid vapor pressure in excess of 10.4 pounds per square inch; (iii) sediment and water in excess of 0.5 percent by volume; (iv) a density less than 19.0 A.P.I at 60 degrees Fahrenheit; (v) a kinematic viscosity in excess of 350 centistokes at Carriers referenced line temperature; (vi) any organic chlorides; or (vii) physical or chemical characteristics that may render such Crude Petroleum not readily transportable by the Carrier or that may materially affect the quality of other commodities transported by the Carrier or that may otherwise cause disadvantage to the Carrier.
- b. A Shipper shall, as required by the Carrier, provide to the Carrier a certificate with respect to the specifications of Crude Petroleum to be received by the Carrier from such Shipper. If a Shipper fails to provide the Carrier with such certificate, then the Carrier shall not be obligated to accept the Shipper's Crude Petroleum.
- c. If the Carrier determines that a Shipper does not comply with the provisions of paragraph (a) of Rule 15 of this tariff, then such Shipper shall remove its Crude Petroleum from the facilities of the Carrier as directed by the Carrier.
- d. If a Shipper fails to remove its Crude Petroleum from the facilities of the Carrier in accordance with the provisions of paragraph (c) of Rule 15 of this tariff, then the Carrier shall have the right to remove and sell such Crude Petroleum in such lawful manner as deemed appropriate by the Carrier. The Carrier shall pay from the proceeds of such sale all costs incurred by the Carrier with respect to the storage, removal and sale of such Crude Petroleum. The remainder of such proceeds, if any, shall be held by the Carrier for the Shipper and any other party lawfully entitled to such proceeds.

**Rule 20 Maintenance of Identity**

Crude petroleum will be accepted for transportation only on condition that it shall be subject to such changes in gravity, quality, or characteristics while in transit as may result from the mixture with other crude petroleum in the pipelines or tanks of the Carrier. Carrier shall be under no obligation to deliver the identical crude petroleum received, but may take delivery to consignee out of common stock in the Carrier's pipelines and/or tanks at delivery point.

**Rule 25 Mixtures**

- a. Indirect liquid products will be received for gathering and transportation only on condition that the indirect liquid products shall be mixed in Company's pipelines and/or tanks with direct products and providing both the indirect liquid products and the direct products are owned by the same shipper or consignee and are consigned to the same destination.
- b. The indirect liquid products portion of the mixture will be accepted for transportation at reception points other than the one at which the direct products portion of the same mixture is received, provided that the shipper, consignee, and destination are the same, and that operating conditions and the Company's facilities permit the indirect liquid products portion to be mixed with the direct products of the same shipper or consignee. The rate to be assessed on each portion of the mixture shall be the rate applicable from the reception point at which each is received.
- c. Indirect liquid products shall not exceed twenty (20) percent by volume of the total mixture of indirect liquid products with direct products, and the vapor pressure of such mixtures shall not exceed the lesser of thirteen (13) pounds per square inch, absolute, at a temperature of one hundred (100) degrees Fahrenheit, or a true vapor pressure which will not result in Company's noncompliance with applicable Federal, State and local requirements regarding hydrocarbon emissions.
- d. The indirect liquid products portion and the direct products portion of the mixture will be measured and tested separately and must be shown separately on the shipping order, and if required on separate shipping orders.
- e. Mixtures will be transported and delivered as crude petroleum. Nothing in this Rule is to be construed to waive provisions of Rule 20 of this tariff or to require the Company to receive, transport and deliver

unmixed indirect liquid products, except that indirect liquid products will be gathered for subsequent mixing with direct products in accordance with this Rule where facilities exist for performing a gathering service for such indirect liquid products.

**Rule 30 Storage and Destination Facilities**

Storage necessarily incident to transportation and only such storage will be provided by the Carrier, and the shipper or consignee must provide storage facilities for receiving the crude petroleum at destination.

The Carrier may refuse to accept crude petroleum for transportation unless satisfactory evidence can be furnished that the shipper or consignee has provided the necessary facilities for the prompt receipt and disposition of said crude petroleum at its destination.

**Rule 35 Legality of Shipments**

The Carrier reserves the right to reject any and all crude petroleum tendered where the shipper or consignee has failed to comply with all applicable laws, rules and regulations made by any governmental authorities regulating shipments of crude petroleum.

**Rule 40 Tender Requirements**

Crude Petroleum will be accepted for gathering and/or transportation under this tariff in shipments of not less than sixty thousand (60,000) barrels from one shipper consigned to one consignee and destination; provided, however, that Crude Petroleum will be accepted only at such time as Crude Petroleum of similar quality and characteristics is being transported from receiving point to delivery point.

Carrier requires that tenders for shipment of Crude Petroleum on its pipeline systems be received on or before 4:15 PM, Central Standard Time or Central Daylight Savings Time, the last business day prior to the 26th day of the month preceding the month during which shipment is requested. Written confirmation of verbal tenders for shipment must be provided by the first of the month during which shipment is requested.

**Rule 45 Title**

The Carrier shall have the right to reject any crude petroleum, when tendered for transportation, which may be involved in litigation, or the title of which may be in dispute, or which may be encumbered by lien or charge of any kind, and it may require of the shipper satisfactory evidence of his perfect and unencumbered title or satisfactory indemnity bond to protect Carrier.

**Rule 50 Apportionment when Tenders are in Excess of Facilities**

When pursuant to nominations hereunder, there shall be tendered to Carrier more Crude Petroleum than can be immediately gathered and/or transported, as determined by Carrier, the gathering and/or transportation shall be apportioned in accordance with Carrier's "Proration Procedures, supplements thereto and reissues thereof which is listed below.

**DEFINITIONS**

"Carrier" means Permian Express Partners LLC.

"Committed Shipper" means a shipper who executed a Transportation Service Agreement (TSA) based on the 2013 Notice of Open Season or the 2014 Notice of Open Season.

"Committed Capacity" means the pipeline capacity available for Committed Shippers and shall include up to 90% of total pipeline capacity.

“Uncommitted Capacity” means the pipeline capacity that has not been committed to Committed Shippers and shall include up to 10% of total pipeline capacity.

“Affiliate” has the same meaning as provided in Rule 5 of the LOLA System Rules and Regulations Tariff.

**VALID NOMINATIONS**

1. Carrier does not permit over-nominating. In order that capacity may be prorated among shippers without discrimination, shippers shall submit valid and realistic nominations and schedules of shipments, which do not exceed either the volume of crude expected to be available for shipment, or the Uncommitted Capacity.
2. If Carrier reasonably believes that a shipper:
  - a. Has nominated an amount of crude that exceeds the volume of crude the shipper will actually have available at the point of origin,
  - b. Has previously withdrawn all or part of an accepted nomination from Carrier without acceptance by Carrier of such decreased nomination,
  - c. Has nominated the same crude to Carrier and to one or more other carriers,
  - d. Has failed to comply with the LOLA System Rules and Regulations Tariff, or
  - e. Has failed to provide Carrier with required information in a timely manner then Carrier reserves the right to take any of the following actions:
    - i. Require an affidavit from the shipper stating under oath that the nomination is valid,
    - ii. Reduce the shipper’s nomination to an amount Carrier believes to be the amount of crude that such shipper will actually have available at the point of origin for the shipment,
    - iii. Reject the entire nomination for the nomination period, or
    - iv. Limit the volume of crude accepted by the Carrier from the shipper in each of the next three (3) months in which the line is apportioned to not more than the volume of crude received by the Carrier from such shipper in the month of proration.

**PRORATION PROCEDURES**

1. Committed Capacity will be allocated to Committed Shippers in accordance with their contractual commitment levels.
2. Uncommitted Capacity will be allocated to shippers on a pro rata basis.
3. If the pro rata allocation of the Uncommitted Capacity in a given month results in no shippers being allocated a monthly minimum tender amount of 60,000 bbls, then the Carrier will administer a lottery using a software-generated random process for the total number of monthly minimum tender allocations available to shippers. A shipper will not be allocated capacity through the lottery process if they are an Affiliate of another shipper who received an allocation through the lottery process.
4. Detailed procedures regarding Carrier’s lottery process are as follows:
  - a. Carrier will use a random number generating software to randomly assign each shipper a number from one to the number representing the total number of shippers participating in the lottery (i.e., if there are thirty shippers, numbers one through thirty will be assigned).
  - b. The shipper with the number closest to one will receive the first monthly minimum tender allocation. This process of assigning monthly minimum tender allocations to the shipper with the number closest to one will continue until all of the available monthly minimum tender allocations have been assigned.
  - c. Following the lottery, Carrier will notify shippers as to whether or not they were allocated capacity in that month. Unsuccessful shippers will be notified within two (2) business days that they will not receive an allocation.
5. Nothing in this proration policy shall require the Carrier's total allocations to be less than the available capacity.

6. In addition, if the system is restricted because of a shipper's inability to meet Carrier's pumping and delivery rates, a volume equal to the volume of nominated capacity not utilized will be deducted from that shipper's succeeding month's allocation. The allocation reductions will not exceed the shipper's allocation, so any excess reductions will be carried forward to the next proration month.
7. If a shipper releases or is otherwise unable to use any or all of its allocated volume, Carrier will notify all the remaining shippers of the available space and will redistribute the space on a first-come, first-serve basis.

#### **GENERAL**

1. All shippers will continue to submit nominations for each subsequent month in accordance with the LOLA System Rules and Regulations Tariff.
2. In no event shall a shipper utilize any portion of its nominated/prorated volume in any manner that will increase the volume allocation of any other shipper. Carrier shall have the right to require a written assurance, executed by a responsible officer of the shipper, concerning that shipper's use of its nominated/prorated volume. The written assurance shall contain a statement on behalf of the shipper that the provisions of this requirement have not been violated.
3. In the event any shipper shall, by any device, scheme or arrangement whatsoever, make available to another shipper, or in the event any shipper shall receive and use any space from a shipper through violation of this requirement, the allocated volume for both shippers will be reduced to the extent of the excess volume so made available or used. Carrier shall have the right to make these reductions anytime after it becomes aware that such violation(s) has/have taken place.
4. Except as provided in this item, allocated volumes may not be assigned, conveyed, loaned, transferred to, or used in any manner by another shipper.
5. Carrier may allocate capacity on a different equitable basis during an emergency period.
6. Nothing in this policy is intended to preclude a shipper from conforming to the minimum batch size requirements as stated in the LOLA Rules and Regulations Tariff. To the extent practical, Carrier will work with the shippers on an equitable basis with regard to meeting the minimum batch sizes.

#### **Rule 55 Delivery at Destination**

The Carrier will transport and deliver crude petroleum with reasonable diligence and dispatch considering the quantity and quality of the crude petroleum, the distance of transportation, safety of operations, and other material factors, but will accept no crude petroleum to be transported in time for any particular market. Shipper or consignee must provide storage facilities for receiving the crude petroleum at destination.

After any shipment has had time to arrive at destination, and/or on twenty-four (24) hours' notice to consignee, Carrier may begin delivery at its current pumping rate. If the shipper, or consignee, is unable or refuses to receive the crude petroleum shipment as it arrives at destination, the Carrier reserves the right to make whatever arrangements for disposition of the crude petroleum it deems appropriate in order to clear its pipeline and/or tanks. Any resulting costs incurred, or tariff revenues lost by Carrier shall be borne by the responsible shipper or consignee, which charges are in addition to transportation charges accruing to responsible shipper or consignee.

#### **Rule 60 Payment of Transportation and Other Charges**

The Shipper or Consignee shall pay, as provided below, all applicable gathering, transportation, and all other charges accruing on Crude Petroleum delivered to and accepted by Carrier for shipment.

All payments are due within ten (10) days of receipt of the invoice, unless the Carrier determines in a manner not unreasonably discriminatory that the financial condition of Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines in a manner not unreasonably discriminatory it necessary to do so, in which case the payment due date shall be that specified in a written notice to the Shipper.

If any charge remains unpaid after the due date specified in Carrier's invoice, then such amount due may bear interest from the day after the due date until paid, calculated at an annual rate equivalent to (1) 125% of the prime rate of interest, as of the date of Carrier's invoice, charged by the Citibank N.A. of New York, New York, for ninety (90) day loans made to substantial and responsible commercial borrowers or (2) the maximum rate allowed by law. In addition Shipper shall pay all documented costs incurred by Carrier to collect any unpaid amounts.

In the event Shipper fails to pay any such charges when due, Carrier shall not be obligated to provide Shipper access to Carrier's facilities or provide services pursuant to Carrier's tariff until such time as payment is received by Carrier and Shipper meets the requirements of the following paragraph. In addition, in the event Shipper fails to pay any such charges when due, Carrier shall have the right to setoff such amounts owed and future amounts owed against those amounts Carrier owes Shipper.

In the event Carrier determines in a manner not unreasonably discriminatory that the financial condition of Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines in a manner not unreasonably discriminatory it is necessary to obtain security from Shipper, Carrier, upon notice to Shipper, may require any of the following prior to Carrier's delivery of Shipper's Crude Petroleum in Carrier's possession or prior to Carrier's acceptance of Shipper's Crude Petroleum: (1) prepayment of all charges, (2) a letter of credit at Shipper's expense in favor of Carrier in an amount sufficient to ensure payment of all such charges and, in a form, and from an institution acceptable to Carrier, or (3) a guaranty in an amount sufficient to ensure payment of all such charges and in a form and from a third party acceptable to Carrier. In the event Shipper fails to comply with any such requirement on or before the date supplied in Carrier's notice to Shipper, Carrier shall not be obligated to provide Shipper access to Carrier's facilities or provide services pursuant to this tariff until such requirement is fully met.

Carrier shall have a lien on all Crude Petroleum delivered to Carrier to secure the payment of any and all gathering, transportation, or any other charges that are owed Carrier. Such lien shall survive delivery of Crude Petroleum to Shipper. Such lien shall extend to all Crude Petroleum in Carrier's possession beginning with Shipper's first receipt of transportation or other services from Carrier. The lien provided herein shall be in addition to any lien or security interest provided by statute or applicable law. Carrier may withhold delivery to Shipper of any of Shipper's Crude Petroleum in its possession and exercise any other rights and remedies granted under this tariff or existing under applicable law until all such charges have been paid as provided above.

If Shipper fails to pay an invoice by the due date, in addition to any other remedies under this tariff or under applicable law, Carrier shall have the right, either directly or through an agent, to sell at a private sale any and all Crude Petroleum of such Shipper in its custody at fair market value at the time of sale. The proceeds of any sale shall be applied in the following order: (A) to the reasonable expenses of holding, preparing for sale, selling, and to the extent allowed by law, reasonable attorney's fees and legal expenses incurred by Carrier; and (B) to the satisfaction of the Shipper's indebtedness including interest herein provided from the date of payment is due. The balance of the proceeds of the sale remaining, if any, shall be paid to Shipper or, if there is a dispute or claim as to entitlement, held for whomever may be lawfully entitled thereto.

**Rule 65      Application of Rates and Charges**

Only crude petroleum destined for movement in interstate commerce will be accepted for movement under this tariff. Petroleum accepted for transportation shall be subject to the rates and charges in effect on the date of receipt of such petroleum by the Carrier.



**Rule 70 Application of Rates for Intermediate Points**

For crude petroleum shipments accepted for transportation from any point not named in tariffs making reference hereto which is intermediate to a point from which rates are published in said tariffs, through such unnamed point, the rate published therein from the next more distant point specified in the tariffs will apply from such unnamed point. For crude petroleum shipments accepted for transportation to any point not named in tariffs making reference hereto which is intermediate to a point to which rates are published in said tariffs, through such unnamed point, the rate published therein to the next more distant point specified in the tariffs will apply. If the intermediate point is to be used on a continuous basis for more than 30 days, Carrier must file, in accordance with 18 CFR § 341.10, a tariff publication applicable to the transportation movement.

**Rule 75 Measuring, Testing, Corrections and Deductions**

- a. Carrier shall gauge or meter, or cause to be gauged or metered, a Shipper's Crude Petroleum upon receipt and delivery by the Carrier. The Shipper or the designate of the Shipper may be present at such gauging or metering. If tank gauges are used, the volume of Crude Petroleum shall be computed from tank tables on a 100 per cent volume basis. The Carrier shall have the right to enter the premises where Crude Petroleum is received or delivered by the Carrier and the Carrier shall be granted access to all facilities for the purpose of gauging or metering and to make any examination, inspection, measurement or test as required by the Carrier to verify the accuracy of such facilities and the quality of such Shipper's Crude Petroleum.
- b. Quantities shall be corrected as to temperature from observed temperature to 60 degrees Fahrenheit basis by use of applicable A.P.I.-ASTM-IP correction tables. Full deduction will be made for all water and other impurities.
- c. The Carrier shall, as deemed necessary by the Carrier, adjust the measured volume of Crude Petroleum for shrinkage in accordance with A.P.I. MPMS Chapter 12 Part 3 or the latest revision to the A.P.I. Standard.
- d. The Carrier shall, as deemed necessary by the Carrier, determine the kinematic viscosity of Crude Petroleum received by the Carrier in accordance with ASTM D 445 or the latest revision to such Standard or such other test as may be agreed to by the Carrier and the Shipper.
- e. The results of all such gauging, metering and testing by the Carrier shall be final.
- f. The Carrier shall deduct 1/10 of 1 percent of the volume of Crude Petroleum received from the Shipper to cover losses inherent in the transportation on the LOLA System.

**Rule 80 Liability of Carrier**

The Carrier shall not be liable for any loss of crude petroleum as described herein, or damage thereto, or delay, because of an act of God, the public enemy, quarantine, the authority of law, strikes, riots, or the acts of default of the shipper or consignee, or from any other cause not due to the negligence of Carrier; in case of losses from such causes, other than the negligence of Carrier, losses shall be charged proportionately to each shipment in the ratio that such shipment, or portion thereof, received and undelivered at the time the loss or damage occurs, bears to the total of all shipments, or portions thereof, then in the custody of Carrier for shipment via the lines or other facilities in which the loss or damage occurs; the consignee shall be entitled to receive only that portion of the shipment remaining after deducting his proportion of such loss or damage, determined as aforesaid, and shall be required to pay transportation charges only on the quantity delivered. A Shipper shall indemnify the Carrier for any damage, loss, costs or consequential loss incurred by the Carrier or any other party as a result of such Shipper's failure to comply with any provision of this tariff.

**Rule 85 Claims, Suits, Time for Filing**

As a condition precedent to recovery, claims must be filed in writing with Carrier within nine (9) months after delivery of the property, or, in case of failure to make delivery, then within nine (9) months after a reasonable time for delivery has elapsed; and suits shall be instituted against Carrier only within two (2)

years and one (1) day from the day when notice in writing is given by Carrier to the claimant that Carrier has disallowed the claim or any part or parts thereof specified in the notice. Where claims are not filed or suits are not instituted thereon in accordance with the foregoing provisions, Carrier shall not be liable, and such claims will not be paid.

**Rule 90 Use of Communication Facilities**

Shippers may use Carrier's private communication system without extra charge for messages incident to shipment. However, Carrier shall not be liable for delivery of messages away from its office, delays in transmission, failures of transmission, interruption of service, or the accuracy thereof.

**Rule 95 Pipage Contracts**

Separate pipage contracts in accord with this Tariff and these rules and regulations covering further details may be required by this Carrier before any duty for transportation shall arise.

**Rule 100 Reconsignment**

Subject to Carrier's discretion, if no out of line or back haul movement or interference with shipping sequence is required, diversion or reconsignment may be made prior to arrival at original destination without charge, subject to the rates, rules and regulations applicable from point of origin to point of final destination.

**Rule 105 Terminal and Privilege Rules**

Shipments transported under this Tariff are entitled to such privileges and subject to such charges as are or shall be published by Carrier and as are lawfully in effect on date of shipment and lawfully on file with the Federal Energy Regulatory Commission as to interstate traffic, providing for reconsignment, storage, transit privileges, or any other privileges, charges or rules which in any way increase or decrease the amounts to be paid on any shipment transported under this tariff or which increase or decrease the value of the service to the shipper.

**Rule 110 Transit Privilege**

At the request of the shipper or consignee crude petroleum may be stopped in-transit at established destination points on the Carrier's pipeline for storage, provided:

- a. No backhaul by Carrier is involved.
- b. Shipper or consignee has provided storage facilities for receiving deliveries at the in-transit point at pressures and volumetric flow levels required by the Carrier.
- c. Shipper or consignee has provided adequate pumping and other equipment to redeliver the crude petroleum to Carrier's line at the in-transit point at pressure and flow rates established by Company.
- d. Transportation charges based on Carrier's effective tariff rate from point of origin to the in-transit point shall be collected on all crude petroleum moving under this transit privilege after delivery at the in-transit point.
- e. When the crude petroleum is reshipped from the in-transit point, transportation charges for such additional movement shall be the through rates from point of origin to final destination in effect on the date of the original shipment contained in effective tariffs issued or concurred in by Carrier, less the amount paid to Carrier under (d) above.
- f. Shipments placed in in-transit storage will be subject to a charge for stop-over services of one (1) cent per barrel in addition to all other transportation charges. Such charge shall be payable when shipment is reshipped from the in-transit point.
- g. Upon delivery of the crude petroleum into storage tanks at in-transit point, the custody and possession of the crude petroleum shall be that of the shipper or consignee and not that of the Carrier, and Carrier shall not be liable for loss and/or damage to such crude petroleum while in storage.
- h. A complete record shall be kept by shipper at the in-transit point of all shipments to be accorded transit privileges, under this Tariff, and such records shall be kept open to inspection by representatives of the

Carrier. Shippers requesting transit privileges shall submit to Carrier copies of inbound delivery receipts within thirty (30) days of the date of such deliveries.

- i. Shipments forwarded from the in-transit point will be checked against the Carrier's inbound records, and when all the volume covered by any one delivery receipt is reshipped, such delivery receipt will be cancelled for the purpose of this rule, and further shipments against it will not be permitted.
- j. Shipments must be tendered for reforwarding from the in-transit point within twelve (12) months from date of inbound movement to in-transit point as indicated on the delivery records. If all or any part of a shipment covered by an inbound delivery receipt is not reshipped from the in-transit point within twelve (12) months, such volume will be cancelled for the purpose of this rule.

#### **Rule 115 Transfers within System**

Line transfers or ownership transfers of Crude Petroleum in custody of Carrier within its system from one shipper (transferor) to another shipper (transferee) will be permitted provided as follows:

- a. Carrier will allow for one transfer per month per shipper without a fee. Each transferor will be charged one-half cent [U] (0.5¢) per barrel for each subsequent line transfer or ownership transfer of Crude Petroleum in custody of Carrier within its system.
- b. Both transferor and transferee shall provide written notice to Carrier containing like data relative to the kind, quantity, source, location, transferor and transferee of the Crude Petroleum and the month during which transfer is to occur. Verbal transfer requests will be recognized provided written confirmation is received by the first day of the month during which ownership transfer is requested.
- c. Any party involved in an intrasystem transfer hereunder shall be subject to any and all applicable provisions or requirements contained in this Rules and Regulations Tariff and supplements hereto.

#### **Rule 120 Liability Fund**

In addition to transportation charges and all other lawful charges accruing on crude petroleum tendered for shipment, a per barrel charge will be assessed and collected in the amount of the tax, fee, or other charge levied against Carrier in connection with such crude petroleum, pursuant to any Federal, State or local act or regulation which levies a tax, fee or other charge on the receipt, delivery, transfer, or transportation of such crude petroleum within their jurisdiction for the purpose of creating a fund for the prevention, containment, clean up and removal of spills and the reimbursement of persons sustaining loss therefrom. In the event a fee is assessed, Carrier and Shipper will agree that this collection will be reflected in a revised tariff rate.

#### **Rule 125 Line Fill and Tank Bottom Inventory**

Either prior to or after the acceptance of Crude Petroleum for transportation, Carrier will require each Shipper to provide a pro rata part of the volume of Crude Petroleum necessary for pipeline fill, unavailable stocks below tank connections, and reasonable additional minimum quantities required for efficient operation. Crude Petroleum provided by a Shipper for this purpose may be withdrawn after 60 days advance written notice of Shipper's intention to discontinue shipment in the system pursuant to Carrier's applicable tariff or tariffs. Linefill and tank inventory will be delivered for Shippers account at the terminus of the system at the Anchorage Meter Station at the applicable tariff rate. Carrier may require advance payment of final transportation charges and settlement of any unpaid accounts receivable, before final delivery will be made.

In the event a Shipper's inventory balance drops below its pro rata part of the volume of Crude Petroleum necessary for pipeline fill, unavailable stocks below tank connections, and reasonable additional minimum quantities required for the efficient operation of the system, then Carrier will require such Shipper to provide the necessary volume to meet its pro rata part of such volume of Crude Petroleum.

In the event that Shipper maintains an inventory balance after Shipper ceases movements on the system or Shipper gives written notice of its intent to cease movements over the system and such Shipper is unable to

schedule appropriate shipments to clear the inactive inventory balance, Shipper will be required to settle the inactive inventory balance through Carrier. In the event no such Shipper notice is given, then Carrier may require either an adjustment in Shipper's inventory balance in accordance with the Line Fill and Tank Bottom Inventory provision or settlement of the Shipper's inventory balance at any time after Shipper has ceased making movements over the system for a period of six months. Such settlement will be based upon the fair market value of the appropriate grade assessment, as published by Platt's, Argus or another industry recognized publication, at the time Shipper informs Carrier in writing of its intention to discontinue shipments on the system pursuant to Carrier's applicable tariff or tariffs or if no such written notice is given, then at such time as Carrier calls for the settlement of the Shipper's inventory balance. In the event the grade being settled is not assessed by Platt's, Argus or another industry publication, the assessment for the most similar grade will be used with an appropriate adjustment to determine the fair market value of the grade being settled.

**Rule 130      Pumping Service**

For loading aboard tank cars or delivery to Shipper's or Consignee's tanks where the receiving station has to perform additional pumping service, an additional charge of four and one-half cents [U] (4.5¢) per barrel will be made.

**Rule 135      Unloading Charges**

- a. All shipments unloaded from tank trucks into trunk line facilities of Carrier will be subject to a charge of eight cents [U] (8.0¢) per barrel. All shipments unloaded from tank trucks into gathering facilities of Carrier will be subject to the applicable gathering charge for said gathering facility.
- b. Such charges will be in addition to all other transportation charges.

**[U] UNCHANGED. ALL RATES ON THIS PAGE ARE UNCHANGED UNLESS WHERE NOTED.**

**TABLE 1: BASE RATES,  
PERMIAN EXPRESS PARTNERS LLC**

**COMMITTED RATES (A)**

<b>RATES IN CENTS PER BARREL OF 42 UNITED STATES GALLONS</b>		
<b>From</b>	<b>To</b>	<b>Rates</b>
Texoma Station (Longview Area) (Gregg County, TX)	Finney, LA (Caddo)	136.34
Texoma Station (Longview Area) (Gregg County, TX)	Anchorage, LA (West Baton Rouge)	295.01
Longview Station (Longview Area) (Gregg County, TX)	Anchorage, LA (West Baton Rouge)	295.01
Eastex Blocker Station (Harrison County, TX)	Anchorage, LA (West Baton Rouge)	295.01

**UNCOMMITTED RATES (B)**

<b>RATES IN CENTS PER BARREL OF 42 UNITED STATES GALLONS</b>		
<b>From</b>	<b>To</b>	<b>Rates</b>
Texoma Station (Longview Area) (Gregg County, TX)	Finney, LA (Caddo)	218.17
Texoma Station (Longview Area) (Gregg County, TX)	Anchorage, LA (West Baton Rouge)	333.97
Longview Station (Longview Area) (Gregg County, TX)	Anchorage, LA (West Baton Rouge)	333.97
Eastex Blocker Station (Harrison County, TX)	Anchorage, LA (West Baton Rouge)	323.77
Texoma Station (Longview Area) (Gregg County, TX)	<u>[N] Crimson Pipeline Connection, LA (West Baton Rouge)</u>	<b>[N]</b> 333.97
Longview Station (Longview Area) (Gregg County, TX)	<u>[N] Crimson Pipeline Connection, LA (West Baton Rouge)</u>	<b>[N]</b> 333.97

**Terms**

Company will invoice Shipper monthly at the appropriate rate as shown above, there are multiple rates as follows:

- Rate A (for the Texoma Station, TX to Finney, LA reception points), applies to Shippers executing a Transportation Services Agreement as a result of the August 2014 Open Season, subject to the terms of that Transportation Services Agreement
- Rate A (for the Texoma Station, TX to Anchorage, LA reception points), applies to Shippers executing a Transportation Services Agreement as a result of the December 2013 Open Season, subject to the terms of that Transportation Services Agreement
- Rate A (for the Longview Station, TX to Anchorage, LA reception points), applies to Shippers executing a Transportation Services Agreement as a result of the December 2013 Open Season, subject to the terms of that Transportation Services Agreement
- Rate A (for the Blocker Station to Anchorage, LA reception points), applies to all Shippers executing a Transportation Services Agreement, subject to the terms of that Transportation Services Agreement
- Rate B, which applies to all other shippers

**EXPLANATION OF REFERENCE MARKS:**

**[N] NEW**

**[U] UNCHANGED**

**[W] CHANGE IN WORDING ONLY**